

LCQ14: Consolidating Hong Kong's position as an international maritime centre

Following is a question by the Hon Martin Liao and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (June 19):

Question:

It has been reported that as pointed out by the statistics of a research institute, the throughput of Hong Kong's container terminals fell out of the world's top 10 ranking last year. The Secretary for Transport and Logistics has pointed out in March this year in his blog that according to the projection made by an authoritative media outlet in the international maritime industry, the ranking of Hong Kong's container throughput in 2023 is one place lower than that of 2022. There are views that given the rapid development of the Mainland ports, coupled with the Mainland's relaxation of the Cabotage rule, tax concessions and price advantage, there is an increasing number of goods being directly exported overseas, which has resulted in the declining transshipment hub status of Hong Kong ports. On consolidating Hong Kong's position as an international maritime centre, will the Government inform this Council:

(1) as there are views that the National 14th Five-Year Plan has established Hong Kong's position as an international maritime centre, which has thus transformed the competitive relationship between Hong Kong ports and those in the Mainland cities of the Guangdong-Hong Kong-Macao Greater Bay Area into co-operative relationship, and the Transport and Logistics Bureau signed a Memorandum of Understanding on Greater Bay maritime co-operation with the Guangzhou Port Authority in May last year, whether the authorities have reviewed the effectiveness of the co-operation between the two sides so far, and whether the competitiveness of Hong Kong's shipping industry has been enhanced;

(2) as it has been reported that a number of Mainland ports have already set up automated terminals, but according to the Action Plan on Maritime and Port Development Strategy promulgated by the Government in December last year, taking into account the exorbitant investment required for automation and digitalisation and the short-term impacts on profits resulting from upgrades, private terminal operators have been adopting a cautious attitude towards the adoption of such technologies, how the authorities will push forward the automation of Hong Kong container terminals with a view to increasing the competitiveness of the shipping industry; whether it has set a timetable for the automation of Hong Kong container terminals; if so, of the details; if not, the reasons for that; and

(3) given that Hong Kong has been designated by the Baltic and International Maritime Council as one of the four arbitration venues and its status is on a par with London, New York and Singapore, and the Government has been promoting high value-added maritime arbitration services, but it is learnt that Hong Kong merely handled about 100-odd cross-border maritime arbitration cases each year in recent years, which is a far cry from the almost 2 000 caseload handled by London, and the effectiveness of the promotion work appears to be unsatisfactory, whether the Government will enhance the promotion strategy to attract enterprises to use Hong Kong's maritime arbitration services; if so, of the details; if not, the reasons for that?

Reply:

President,

Having consulted the Department of Justice (DoJ), our reply to the various parts of the question raised by Hon Liao is as follows:

(1) The Government of the Hong Kong Special Administrative Region (HKSAR) is committed to reinforcing Hong Kong's position as an international maritime centre. The Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035 (the National 14th Five-Year Plan) and the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area have shown express support to the position of the Hong Kong Port and the development of high value-added maritime services in Hong Kong for better integration into the country's development. The Transport and Logistics Bureau (TLB) promulgated the Action Plan on Maritime and Port Development Strategy on December 20, 2023, which sets out 10 strategies and 32 action measures in four directions to support the sustainable development needs of the maritime and port industry in Hong Kong, enhance the long-term competitiveness of the industry, as well as consolidate and enhance Hong Kong's position as an international maritime centre.

Hong Kong will continue to capitalise on its distinctive advantages under the "one country, two systems" principle and serve as a maritime super-connector among cities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). The TLB and the Guangzhou Port Authority signed the Memorandum of Understanding on Greater Bay maritime co-operation in May 2023 to establish a mechanism for communication and co-operation on port and maritime-related matters. Regular meetings and exchanges are held to examine ways to enhance co-operation, boost publicity and promotion, and encourage further talent exchange. For example, the HKSAR Government is actively exploring the establishment of a joint maritime talent training mechanism with port cities in the GBA with a view to facilitating the collaboration of maritime training institutions in Hong Kong and the GBA, strengthening teacher exchanges and providing maritime training courses in multiple places so that maritime practitioners and students in the GBA can receive the required training at the appropriate time.

To foster exchanges between Hong Kong and other cities in the GBA, the

HKSAR Government will explore establishing liaison and co-operation mechanisms with ports and cities in the GBA to make good use of the complementarity of the respective strengths, step up bilateral co-operation, etc. The HKSAR Government will also continue to explore further areas for collaboration between Hong Kong and other ports and cities in the GBA along with the industry to enhance the competitiveness of Hong Kong Port as well as the GBA port cluster as a whole.

(2) The HKSAR Government is encouraged by the continual investment of resources by terminal operators over the years in technological development for improving terminal facilities, thereby contributing to Hong Kong's status as a regional hub through efficient services. For instance, the terminals have introduced remote-controlled rubber-tyred gantry cranes and automated container stacking system since 2018. The container loading and unloading operations, which were originally controlled manually from the crane cabin, can gradually be transformed into fully remote-controlled operations. Through computer monitoring, operation priorities can be adjusted as needed, and optimal stacking positions and combinations of containers can be arranged to enhance operational efficiency and productivity. Remote crane operation not only improves operational efficiency, but also enhances industrial safety and the working environment for employees. The terminal operators are also conducting trials on autonomous electric trucks to ensure safe and smooth operation before they are gradually applied to daily container operations, thereby further enhancing the level of terminal automation.

The HKSAR Government is actively promoting the development of smart port to strengthen port competitiveness by setting up a digitalised port community system (PCS) to facilitate the flow and sharing of data among stakeholders in the maritime, port and logistics industries. The HKSAR Government has set up a data sharing platform for trial by phases starting from January 2023. At present, the platform for tracking the delivery processes of cold-chain cargoes (including local imports and cross-boundary deliveries, as well as full and consolidated containers of export cargoes) has been rolled out for trial in the industry. The HKSAR Government's target is to expand the PCS to a wider range of products and delivery processes beyond cold-chain products by 2025. With streamlined port operations and optimised multi-party co-ordination, port efficiency will be enhanced, thereby enhancing the overall competitiveness of the Hong Kong Port. Meanwhile, the HKSAR Government encourages the industry to leverage the existing digital solutions and technologies to enhance cargo handling efficiency and promote the interconnectivity of port, airport and logistics data.

(3) Maritime disputes are one of the major areas of arbitration in Hong Kong. With a well-developed judicial system, professional maritime legal services, the only Chinese-English bilingual common law system in the world and a rich selection of arbitral institutions, Hong Kong is listed by the Baltic and International Maritime Council (BIMCO) in the BIMCO Law and Arbitration Clause 2020 as one of the four designated arbitration venues in the standard contracts for the global maritime industry, alongside with London, New York and Singapore, and is also an important maritime dispute resolution centre in the Asia-Pacific region. According to information published by the Hong Kong

International Arbitration Centre (HKIAC), 16 per cent of the arbitration cases submitted to HKIAC in 2023 involved maritime disputes, being the third most common type of disputes handled by HKIAC in that year.

To complement the strategic positioning of Hong Kong as an international maritime centre and a centre for international legal and dispute resolution services in the Asia-Pacific region under the National 14th Five-Year Plan, the HKSAR Government has been striving hard to promote Hong Kong's maritime legal and arbitration services through organising and supporting various promotional events. The key maritime legal and dispute resolution promotional activities in recent years include organising the Mock Arbitrations on Maritime Disputes and summits and seminars on maritime arbitration held during the annual Hong Kong Maritime Week organised by the Hong Kong Maritime and Port Board as well as the Hong Kong Legal Week, the DoJ's annual flagship event, with a view to promoting the important role of Hong Kong's legal and dispute resolution services in supporting the development of the maritime industry in Hong Kong. The DoJ has also invited various representatives from the maritime legal and dispute resolution industry to make bilingual videos which were published on the DoJ's social media platforms to further promote Hong Kong's maritime arbitration services.

Looking forward, the HKSAR Government will step up efforts to actively strengthen collaboration with the local and international legal and arbitration sector to promote Hong Kong's maritime legal and arbitration services and further consolidate Hong Kong's status as an international maritime centre and a centre for international legal and dispute resolution services in the Asia-Pacific region. The HKSAR Government will focus on highlighting the advantages and benefits of Hong Kong's arbitration services during promotion, including its designation as one of the four arbitration venues by BIMCO, its robust legal framework, the neutrality of its legal system, and its internationally-recognised professional expertise in maritime law. All these would reinforce Hong Kong's position as a preferred destination for maritime arbitration. In respect of Mainland enterprises, the HKSAR Government will focus on promoting how Hong Kong's professional services, including legal services, can support their expansion into global markets.